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AUTHOR	Fagnoni, Cynthia M.
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ABSTRACT

A study collected information on the participation of Temporary Assistance for Needy Families (TANF) recipients in work and work activities and their characteristics and how they have changed over time. Data were gathered on strategies states use to help hard-to-employ (HTE) TANF recipients get and keep jobs and on challenges states face in planning and implementing strategies for them. Information on TANF recipients' participation and characteristics came from 2 national and 15 non-national surveys. Administrative data on TANF recipients' characteristics and work activities were collected from nine states. Findings indicated that the majority of TANF recipients are not employed and many have characteristics that make it difficult for them to work; states have adjusted their Work First approach to serve HTE recipients; some states use the job market to identify HTE recipients; other strategies targeted to HTE recipients are soft-skills training, expanded case management, specialized training, and work experience programs; few states collect the data they need for planning and monitoring programs for HTE recipients; and states are unclear how to use the flexibility permitted under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to prepare HTE recipients for employment. (Appendixes include objectives, scope, and methodology; list of 15 studies providing data on TANF recipients' characteristics; comments from the Department of Health and Human Services; and a 29-item bibliography.) (YLB)

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Report to the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

March 2001

WELFARE REFORM

Moving Hard-to-Employ Recipients Into the Workforce

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Abbreviations

ACF	Administration for Children and Families
AFDC	Aid to Families With Dependent Children
CJ	Community Jobs
CPS	Current Population Survey
ESL	English as a Second Language
HHS	Department of Health and Human Services
MDRC	Manpower Demonstration Research Corporation
NLSY	National Longitudinal Survey of Youth
NSAF	National Survey of America's Families
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
PSID	Panel Study of Income Dynamics
SIPP	Survey of Income and Program Participation
SPD	Survey of Program Dynamics
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
WtW	Welfare to Work

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United States General Accounting Office
Washington, D.C. 20548

March 15, 2001

The Honorable Wally Herger
Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Honorable Nancy Johnson
House of Representatives

With the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the Congress eliminated the legal entitlement to cash welfare assistance and replaced it with Temporary Assistance for Needy Families (TANF) block grants to states. TANF emphasizes work and responsibility over dependence on government benefits. The Department of Health and Human Services (HHS) oversees the TANF block grant program, which provides grants to states totaling up to $16.5 billion per year through 2002 and requires states to maintain a historical level of state spending on welfare-related programs. While the welfare reform legislation specified some rules for states' receipt of federal funds, states have the discretion to design their programs to meet their goals.[1]

Caseloads have fallen dramatically since the passage of the welfare reform legislation, from 4.4 million families in August 1996 to 2.2 million families in June 2000. To avoid financial penalties, states must continue to ensure that increasing proportions of their TANF caseloads are employed or involved in other work activities.[2] The 60-month limit on receipt of federally funded TANF benefits heightens the urgency with which states must move recipients into the workforce—including those who might need extra

[1]For example, states can set time limits on benefits shorter than the federal 60-month limit, and can specify the work activities recipients can participate in to be eligible for benefits.

[2]Work activities that count for federal participation rate purposes include employment, work experience programs, on-the-job training, community service, providing child care for other TANF recipients, job search, and (under certain circumstances) education and training.

assistance to get and keep a job.[3] This group is often referred to as hard-to-employ recipients.

In light of the impending reauthorization of TANF in 2002, the Congress has expressed an interest in better understanding the factors that make some TANF recipients hard-to-employ, and the challenges states face in helping them find and keep jobs. This report provides information on (1) the participation of TANF recipients in work and work activities, the characteristics of TANF recipients, and how those characteristics have changed over time; (2) the strategies states are using to help hard-to-employ TANF recipients get and keep jobs; and (3) the challenges states face in planning and implementing strategies for hard-to-employ recipients.

To provide information on the participation of TANF recipients in work and work activities and their characteristics, we drew on several sources of data. These included two national surveys, the Census Bureau's Current Population Survey (CPS) and the Urban Institute's National Survey of America's Families (NSAF); HHS' compilation of TANF administrative data from states; and 15 studies that were not national in scope. (See app. II for a list of the studies.)

We also collected additional administrative data on the characteristics and work activities of TANF recipients from nine states—California, Connecticut, Florida, Maryland, Michigan, New York, Oregon, Washington, and Wisconsin—that together served nearly one-half of TANF families nationwide in June 2000.[4] Although the information we present concerning these states is not intended to be representative of all TANF programs, these states were selected because together they employ a range of approaches to implementing the TANF program, including strategies for the hard-to-employ, and have experienced various levels of caseload decline. They include states with both county- and state-administered TANF programs, states that began welfare reform under waivers prior to enactment of PRWORA, and those that instituted reform after the law went

[3]In this report, the term TANF recipients is used to mean adult members of families receiving TANF benefits.

[4]It should be noted that two of the states from which we collected data, Connecticut and Oregon, are operating under waivers that allow them to function differently from other states. For example, Connecticut's exemption policy for work requirements and time limits is broader than that allowed by PRWORA, and Oregon's waiver allows case managers to determine the extent of appropriate work participation for its TANF recipients.

into effect. Finally, we included states in different regions of the country, and with a range of population sizes.

To obtain information on the strategies states are using to move their hard-to-employ recipients into the workforce and the challenges they face in doing so, we conducted site visits in six of the nine states from which we collected administrative data—California, Connecticut, Florida, Maryland, Michigan, and Washington. In each state, we interviewed state and local TANF administrators and others involved in delivering services to TANF recipients, and visited two or more local TANF agencies. We conducted our work from November 1999 to January 2001 in accordance with generally accepted government auditing standards (see app. I).

Results in Brief

National survey data show that although a higher percentage of adult TANF recipients is currently engaged in work activities while receiving benefits than in the past, the majority are not. In part, this is because many have characteristics that make it difficult for them to get and keep jobs. In fiscal year 1999, a monthly average of nearly 60 percent of all TANF recipients nationwide did not participate in a work activity. Although this may have been caused by weak implementation of state work programs, studies have shown that a substantial share of TANF recipients have characteristics that make employment difficult, such as substance abuse, poor mental or physical health, disability, low educational attainment, limited work experience, limited English proficiency, low basic skills, or exposure to domestic violence. Many recipients have two or more of these characteristics, making it especially difficult for them to get and keep jobs. Some officials have asserted that this group may make up a larger percentage of the caseload as overall caseloads have declined. However, data are not available to determine whether recipients with characteristics that impede employment represent a greater share of the caseload than previously.

All six of the states we visited implemented a "Work First" approach to TANF—one that emphasizes job search to move recipients into jobs as quickly as possible—but all have modified their programs in some way to better serve recipients who face difficulties in entering the workforce. States differ in their approaches to identifying hard-to-employ recipients. Some of the states and localities we visited require nearly all new applicants to look for a job, providing access to other programs only to those who are not initially successful in finding employment. Other states have developed screening and assessment procedures to identify new

applicants with characteristics that could impede employment before they have a chance to test the job market. No one approach has proven most effective for moving hard-to-employ recipients into jobs. State strategies to help prepare hard-to-employ recipients for work include expanded case management services, specialized training, and work experience. In addition, all six of the states we visited refer some recipients to non-TANF agencies and organizations for services such as substance abuse and mental health treatment, shelters from domestic violence, adult education, and legal aid, when appropriate.

As they try to develop and implement strategies that help hard-to-employ TANF recipients enter the workforce, state decisions on collecting and analyzing data on caseload characteristics, imposing time limits shorter than 60 months, and determining which work and work-preparation activities can be used to satisfy state eligibility rules have created challenges. The states we visited had not collected and analyzed caseload data on the incidence of characteristics that impede employment, such as substance abuse or mental and psychological conditions, making it difficult for them to make informed programmatic decisions to meet the needs of hard-to-employ recipients and to plan for recipients who are likely to reach their time limit on federal benefits. States that have imposed time limits shorter than 60 months face an even greater challenge in moving recipients into employment before they reach their time limits.

HHS is supporting initiatives that will help states identify hard-to-employ recipients, but so far it has done little to further state efforts to systematically analyze these data so that they can be used to estimate the number of TANF recipients who will reach their 60-month limit before becoming employed. We are therefore recommending that HHS promote research and provide guidance that would enable states to estimate the number of hard-to-employ TANF recipients who will reach their 60-month limit on benefits. In addition, despite the flexibility states have under PRWORA, some states are unclear about the range of work and work-preparation activities they are allowed to provide to recipients and are reluctant to allow recipients to participate in the full range of activities they may need to get and keep jobs. Although HHS has several efforts under way to help states use their flexibility under PRWORA, some states are still uncertain about how to design programs that best meet the needs of their hard-to-employ recipients while still complying with the law. We are therefore recommending that HHS expand its efforts to help states better understand how to use the flexibility the law gives them to create appropriate programs for hard-to-employ recipients.

In commenting on the draft report, HHS disagreed with both of our recommendations. It maintained that the first recommendation overemphasizes the use of measurable characteristics, which they stated are not accurate predictors of employability. Experts, however, believe that identifying employment barriers is key to ensuring that appropriate services and work activities are provided to hard-to-employ recipients, and HHS did note that identifying employment barriers is useful. With regard to the second recommendation, although HHS reported that it is already fulfilling it through their ongoing activities, we found instances where states and localities were not aware of their full range of options under PRWORA. Therefore, we continue to recommend that HHS expand the scope of its guidance to states to help them use the flexibility PRWORA affords to provide appropriate work and work-preparation activities to hard-to-employ TANF recipients.

Background

The Congress passed PRWORA in 1996, making sweeping changes to national welfare policy. The act replaced the Aid to Families with Dependent Children (AFDC) program with TANF block grants, a fixed federal funding stream that provides states with a total of $16.5 billion per year over 5 years and allows states the flexibility to design their own programs and strategies for promoting work and self-sufficiency. Under TANF there are strong work requirements for recipients and there is a limit on the number of months (60) that families can receive federally funded TANF benefits.

The number of families receiving cash assistance has declined dramatically in recent years. More than 5 million families received cash assistance in 1994 but, as the economy improved and TANF work enforcement gathered steam, fewer families received assistance. Caseloads have fallen dramatically since the act went into effect, from 4.4 million families in August 1996 to 2.2 million families in June 2000. Caseload declines slowed toward the end of 1999 and in a few states rose slightly, but the most recent data available from HHS indicate that, nationally, caseloads continue to decline.

Although there are no supporting data, many assume that as caseloads have fallen the composition of the caseload has changed. Specifically, some have speculated that those TANF recipients who could easily find and keep jobs have left the rolls, and hard-to-employ recipients—those with characteristics that interfere with employment—comprise an increasing share of the remaining cash assistance recipients. As a result, there is some

concern that state programs that may have been effective at moving easier-to-employ recipients into the workforce may not meet the needs of those remaining on the rolls.

Work Requirements

Under PRWORA, TANF recipients face stronger work requirements than welfare recipients faced in the past. Unless a state opts out, nonexempt adult recipients who are not working must participate in community service employment 2 months after they start receiving benefits. Adults are required to participate in work activities within 2 years after they start receiving assistance under the block grant. If recipients do not comply with the work activity requirement, states must impose sanctions that reduce cash assistance, and may opt to terminate the grant entirely.

PRWORA allows states to exempt some TANF recipients from the work activity requirement while still receiving benefits. States may exempt parents with children under age 1 from work requirements, and may disregard them in calculating participation rates. States may not penalize parents with children under 6 for not working if child care is not available. Recipients who are exempted by the state from work requirements are still subject to the federal 60-month limit on receipt of benefits and may be included in a 20-percent hardship exemption from the time limits.

All states allow recipients to meet their work activity requirement through paid employment. Many states have an earned income disregard that allows recipients to earn some amount without losing cash assistance, and many states raised the amount of this disregard after implementation of TANF to give TANF recipients additional incentives to work. In states with a higher earnings disregard, more employed persons may still be receiving TANF benefits—and thus remain part of the caseload—than in states with lower earnings disregards, where working recipients with lower earnings levels are removed from the rolls.

To avoid financial penalties, states must ensure that at least a specified minimum percentage of adult recipients are participating in work or work-related activities each year that count for federal participation rate purposes. These types of activities are not necessarily identical to the activities the state allows recipients to engage in to maintain eligibility for benefits. As specified in PRWORA, work activities that count for federal participation rate purposes include employment (subsidized or unsubsidized), work experience programs, on-the-job training and community service. Providing child care for TANF recipients engaged in work or work-preparation activities also counts for federal participation rate purposes. Job search is considered a work activity for a recipient for up to 6 weeks (or 12 weeks in high-unemployment areas), as are certain types of education and training that are directly related to employment and attendance at secondary school or in a course of study leading to a certificate of general equivalence in the case of a recipient who has not completed secondary school or received such a certificate.[5] The required number of hours of work participation for TANF recipients and the percentage of a state's caseload that must participate to meet mandated participation rate requirements were designed to increase over time (see table 1).

Table 1: Mandated TANF Work Participation Rates for All Adult Recipients, 1997 Through 2002

	1997	1998	1999	2000	2001	2002
Minimum weekly hours	20	20	25	30	30	30
Minimum percentage of state's caseload that must participate	25	30	35	40	45	50

Time Limits

Under PRWORA, families with an adult TANF recipient cannot receive federally funded assistance for more than 60 months.[6] However, the law allows states to impose a shorter time limit or to provide assistance beyond 60 months using state funds. The law also allows states to exempt families

[5]According to HHS, neither the statute nor the TANF regulations defines work activities.

[6]Child-only cases are not subject to the 60-month time limit on federally funded assistance.

with adult TANF recipients from the 60-month limit on federal assistance based on hardship or if the family includes a victim of domestic violence. If a state determines that a family meets one of these criteria, it can opt to continue the family's federally funded cash assistance beyond 60 months. However, a state can exempt no more than 20 percent of its TANF caseload at any point in time from the federal 60-month limit.[7]

States Have Options for Managing TANF Resources and Programs

Federal laws and regulations give states flexibility in determining the types of programs they offer to TANF recipients and how TANF block grant and state funds can be used. States also have the flexibility to set a wide range of program rules such as eligibility criteria, earned income disregard amounts, and benefit levels. Most programmatic decisions are also left to states. For example, states can choose to administer the TANF program themselves or devolve responsibility for many of the program management decisions to county or local TANF offices. States can deliver employment-related services to TANF recipients through their workforce development or employment service agencies or through their TANF agencies.

With few restrictions, states can also determine the typical pathway for most new applicants. For example, in designing their TANF programs, states have the flexibility to determine whether new applicants initially will be referred to education, training, and work-preparation activities, or whether they first will be encouraged to enter the workforce as quickly as possible. Many states have chosen the latter approach, often referred to as Work First, in part because of the emphasis PRWORA places on work. Under a Work First approach, recipients are encouraged to find jobs as quickly as possible and most recipients are placed in job search—an activity that involves looking for a job—rather than in education or other work preparation activities. Only recipients who fail to find jobs, or who find jobs only to lose them immediately, are referred to education, training, or other types of activities.

States also have a great deal of flexibility in determining exactly what types of education, training, or other work-preparation activities as well as what types of support services they provide with their TANF funds. In addition to

[7]It should be noted that the "effective" time limit exemption is greater than 20 percent because child-only cases, which comprise a significant portion of TANF caseloads, are not subject to the 60-month time limit, yet are part of the denominator for calculating the 20-percent limit on exemptions.

TANF funds, states can also access U.S. Department of Labor Welfare-to-Work (WtW) grants to operate community service or work experience programs, create jobs through wage subsidies, provide on-the-job training, or provide employment placement and job readiness services. WtW funds may also be used for a wide range of support services, including education and training, child care, short-term housing, and transportation assistance for those placed in work activities.

Federal Oversight Responsibilities

Although PRWORA's emphasis on devolution of program authority to states and other levels of government calls for state and local governments to take responsibility for program results and outcomes, PRWORA gives the federal government some program oversight responsibilities. Under the law, HHS is responsible for administering TANF funding, setting reporting requirements for states, and reviewing state TANF plans. HHS is also responsible for conducting research on the benefits and effects of the TANF program, and receives funding for welfare reform and social services research and evaluation studies.[8] In keeping with this, HHS' stated goals for research supported with these funds are to gain knowledge about, and thereby improve, welfare policy and practice and to ensure that knowledge gained is widely disseminated in formats accessible to policymakers and program administrators at all levels. Section 413 of the Social Security Act specifically directs HHS to develop ". . . innovative methods of disseminating information on any research, evaluations, . . . including the facilitation of the sharing of information and best practices among States and localities through the use of computers and other technologies."

HHS also has created several mechanisms to educate states about the broad latitude granted them by PRWORA and its implementing regulations for assisting TANF recipients. HHS can issue a variety of publications and communiqués and sponsor national and regional conferences that can include discussions of the law and regulations, possible sources and uses of state and federal funds, and creative state strategies. The Welfare Peer Technical Assistance Network, funded by HHS, was created to provide a variety of services and products to states, counties, localities, and community-based organizations that work with TANF recipients.

[8]Section 1110 of the Social Security Act.

Many Adults on TANF Are Not Employed, and Many Have Characteristics That Make It Difficult for Them to Work

Even though an increasing percentage of TANF recipients nationwide are combining welfare and work, most recipients are not engaged in work or work activities as defined by PRWORA. At least in part, this may be because many current recipients have characteristics that make it difficult for them to work, according to data from national surveys and several studies, as well as from officials in the six states we visited.[9] Characteristics that impede employment are fairly common among TANF recipients, although there are few data available to assess whether recipients with such characteristics represent a greater share of the caseload than previously.

Over Half of Adults on TANF Are Not Engaged in Work Activities, Including Employment, That Count for Work Participation Rate Purposes

To avoid financial penalties, states must ensure each year that at least a specified minimum percentage of adults receiving TANF are participating in work or work-related activities that count for federal participation rate purposes. So far, all states have been able to meet the required minimum work participation rate for their TANF caseload in general, in part because states receive credit for caseload declines, which reduces the required participation rate they must achieve.[10] In fiscal year 1999, 42 percent of all TANF recipients were engaged in unsubsidized employment or participated for at least some hours in other work activities, such as job search, that count for federal participation rate purposes. However, not all participated for enough hours to have that activity count toward their state's participation rate.

The proportion of TANF recipients nationwide who were engaged in unsubsidized employment increased during the past few years. According to our analysis of HHS data, the percentage of recipients who were engaged in unsubsidized employment increased from 17 percent in fiscal year 1997

[9]See app. I for a description of how we identified these studies.

[10]The required work rate is lowered by 1 percentage point for each percentage point drop in the caseload. States are required to meet a separate rate (90 percent) for two-parent families. Not all states have met this rate.

to 25 percent (or 400,000 recipients) in fiscal year 1999.[11] In each of the states that provided us with data on their caseload characteristics, fewer than half of the recipients who received TANF assistance during March 2000 were employed at that time. The percentage of the caseload that was employed in each of these states in March 2000 ranged from just under 40 percent in Connecticut, Washington, and Michigan; to 13 to 15 percent in Florida, Wisconsin, Oregon, and New York; to 6 percent in Maryland.[12]

In the last few years, the percentage of TANF recipients participating in work activities other than unsubsidized employment that count for federal participation rate purposes has been quite small. Between fiscal years 1997 and 1999, no more than 5 percent of the caseload each year participated in any one of the following activities: subsidized work experience, job search, or education-related activities.

Many TANF Recipients Have Characteristics That Can Make It Difficult to Work

Studies have shown that having certain characteristics, such as poor health or disability, no high school diploma, limited work experience, exposure to domestic violence, substance abuse, and limited English proficiency, makes finding and keeping a job more difficult. Based on data from its 1997 NSAF, the Urban Institute concluded that the greater the number of these characteristics a TANF recipient has, the less likely that recipient is to be engaged in work or work activities.[13] The survey found that 88 percent of recipients who had none of these characteristics were working or engaging in work-related activities, compared to 59 percent of recipients with one of these characteristics and 27 percent of recipients with three or more (see

[11]Percentages represent the average monthly number of families with at least one adult engaged in unsubsidized employment as a percentage of the number of families in the overall work rate, as defined by the Administration for Children and Families (ACF). The families included in the overall work rates are all TANF families except (1) child-only cases and (2) families disregarded for one of the three reasons allowed under federal law: (a) have a child under age one; (b) are participating in the tribal work program; or (c) were sanctioned during the month but not for more than 3 of the past 12 months.

[12]Some experts have speculated that this may be explained because states that have enforced work are likely to have experienced the greatest caseload decline and thus lower work levels on the rolls. Data were reported by states and may not be consistent across states.

[13]NSAF is an ongoing, nationally representative survey of the noninstitutionalized, civilian population of persons under age 65 in the nation as a whole conducted by the Urban Institute.

fig. 1).[14] Officials in all six of the states we visited agreed that recipients with one or more work-impeding characteristics find it hardest to successfully enter the workforce—and are often referred to as hard-to-employ recipients. However, states have found that while having these characteristics makes employment difficult, it does not make employment impossible. Some recipients who have characteristics that make it difficult to work do, in fact, find jobs.

[14]The Urban Institute analysis counted only those characteristics shown to significantly depress work activity as obstacles to employment: education less than high school, last worked 3 or more years ago, child under age 1, either very poor mental health or health condition that limits work, caring for a disabled child, and limited English. NSAF did not collect data on domestic violence or substance abuse.

Figure 1: TANF Recipients Engaged in Work or Work Activities, by Number of Obstacles to Employment, 1997

Source: 1997 NSAF, The Urban institute.

Studies have found that a considerable percentage of TANF recipients have characteristics that make it difficult for them to work. Table 2 identifies the range of estimates a number of studies provide on the prevalence of some of these characteristics in the welfare population. For example, estimates from the studies reviewed of the proportion of the welfare caseload with health problems or disability range from 20 to 40 percent, and the proportion of the caseload with no high school diploma from 30 to 45 percent.

Table 2: Prevalence of Selected Characteristics Among TANF Recipients Based on Selected Studies

Characteristic	Estimated range of TANF recipients with characteristic (percent)	Number of selected studies measuring this characteristic
Health problems or disabilities	20-40	12
Lack of high school diploma	30-45	8
Current domestic violence	10-30	7
Lack of job skills	20-30	3
Substance abuse	3-12	8
English as a second language	7-13	4
Multiple barriers	44-64	5

Note: Studies were conducted between 1997 and 1999. The estimates provided by each study are not directly comparable to those from other studies because each study defines characteristics slightly differently and examines a different specific population. For example, when measuring the incidence of substance abuse, one study counted only recipients who self-reported seeking substance abuse treatment while another counted recipients who case managers believed needed to address substance abuse problems. Likewise, the scope of the studies varies; most cover only a single state or community while one is national in scope. Because of difficulties identifying and measuring these characteristics, these studies may understate the prevalence of these characteristics among TANF recipients. Nonetheless, together these studies give a rough indication of the prevalence of these characteristics among TANF recipients.

Information from the states we visited is consistent with the studies' data. Officials in the states we visited indicated that many recipients have poor mental or physical health, have substance abuse problems, or were victims of domestic violence. Some officials noted that the actual extent of these characteristics can be hard to determine because most states and localities rely on recipients to disclose this information about themselves to their case managers, which they are often reluctant to do.

State and local officials in the six states we visited shared the opinion that a larger proportion of the current caseload has difficulty obtaining employment in comparison to past caseloads, but none had data to demonstrate this. The small amount of data available to compare TANF caseloads over time does not show statistically significant changes in the characteristics of welfare recipients since welfare reform; however, these data do not include measures of many of the characteristics that impede employment. Officials in the states we visited reported that while caseloads fell rapidly between 1995 and 1999, the declines slowed between 1999 and

2000; they attributed this slowing to the changing composition of the caseload. They reported that new recipients who are the most job-ready leave the welfare rolls relatively quickly, leaving behind recipients who have greater difficulty obtaining and retaining jobs. Some officials not only believed that the caseload had become harder to employ, but also speculated that hard-to-employ TANF recipients are more visible now because, in the past, there was no incentive to determine whether recipients had characteristics that made them difficult to employ.

Among the states we visited, only Washington had collected statewide data to determine whether its caseload had become harder to employ, and they are of limited use. The state measured changes between August 1997 and February 2000 in the percentages of recipients who had each of four characteristics it found to limit a recipient's employment: less than a high school education, limited English-speaking ability, a young child, and no recent work experience.[15] While Washington found that the percentage of the caseload with the first three of these characteristics increased slightly over this period, the proportion of the caseload with no recent work experience and with two or more of these characteristics decreased. Data on key characteristics such as poor health, mental illness, substance abuse, exposure to domestic violence, poor basic work skills, or other characteristics that make it difficult to work were not available, so results from this study are limited.

There are no national data available to track changes in many of the characteristics found to impede employment over time among welfare recipients.[16] The CPS does measure characteristics such as age, race, marital status, citizenship status, school attendance, and educational achievement of welfare recipients nationwide, as well as their receipt of

[15]Steve Lerch, Jim Mayfield, and Mason Burley, under contract for the Joint Legislative Audit and Review Committee. *Evaluating WorkFirst: Analyses of Cost-Effectiveness, Barriers to Employment, and Job Search Services* (Olympia, Wash.: Washington State Institute for Public Policy, June 2000).

[16]Data are beginning to become available on whether some of these characteristics have changed since reform. These data indicate that the incidence of these characteristics in the TANF population has not changed over time. See Sheila Zadlewski and Pamela Loprest, *How Well Does TANF Fit the Needs of the Most Disadvantaged Families?* (Washington, D.C.: The Urban Institute, Dec. 29, 2000).

disability payments, but our analyses of these data show no significant changes since welfare reform.[17] (See app. II for a list of these studies.)

States Use Different Strategies to Help Hard-to-Employ TANF Recipients Get and Keep Jobs

Every state we visited implemented a Work First approach that emphasizes employment over training and education to help TANF recipients obtain jobs; however, to varying degrees, all states have modified or enhanced their approach to better serve recipients for whom the Work First approach is not successful because they have characteristics that may impede employment. The states we visited differ markedly in their approach to identifying recipients who have these characteristics so that they can either be exempted from work requirements or provided with targeted programs and services that would help them obtain employment. Some states and localities require TANF recipients to look for a job and only offer enhanced services to those who are unsuccessful, while others begin by screening and assessing new applicants to identify those who have characteristics that might impede their ability to get a job. The strategies states use to assist those recipients identified as hard-to-employ also vary. Some of the states we visited have focused their efforts on improving and expanding case management, while others have programs and services targeted specifically to prepare hard-to-employ recipients for work. All six of the states we visited also refer recipients to programs run by non-TANF agencies and organizations that help recipients deal with specific problems such as substance abuse and mental illness that may affect their ability to get and keep a job.

The Six States We Visited Have Adjusted Their Work First Approach in Order to Serve Hard-to-Employ Recipients

Every state we visited implemented a TANF program that can be characterized as Work First and, as a result, their TANF programs share a few common elements. All of the programs seek to move people from welfare into unsubsidized jobs as quickly as possible. Officials expressed the belief that the best way to succeed in the labor market is to join it, and the best setting in which to develop successful work habits and skills is on

[17]The only statistically significant change in age was a decrease in the percentage of the caseload between the ages of 25 and 29, from 23 percent in 1996 to 16 percent in 2000. The HHS Third Annual Report to Congress on TANF reports that, over the past decade, the proportion of the caseload made up of minorities and what they term "somewhat older parents with somewhat older children" grew. The CPS data did not show statistically significant changes in these characteristics between 1996 and 2000.

the job.[18] PRWORA requires that all TANF recipients determined ready to work by the state either work or participate in a work activity as a condition for receiving benefits. Most recipients are referred directly to job search—an activity that involves looking for a job. Employment is presented as the goal of the TANF program for all recipients, and job search, rather than activities such as education and training, is considered the most expedient strategy for helping recipients, in general, obtain jobs.

As their experience working with hard-to-employ recipients has grown, however, the states and localities we visited have concluded that the Work First approach is not effective in helping certain types of TANF recipients get and retain jobs. States have found that recipients who have certain characteristics that interfere with employment need more time and additional supports and services to adequately prepare for work. In response, all of the states we visited said that they had made changes to their TANF programs, but they differed markedly in the ways in which they had modified or enhanced their programs to better accommodate the needs of hard-to-employ recipients.

The States We Visited Use Different Approaches to Identify Hard-to-Employ Recipients

One of the key issues confronted by states and localities we visited in implementing strategies to meet the needs of hard-to-employ recipients is identifying this population. The states and localities we visited use two distinct approaches. Some, such as Michigan and Butte County, California, require most recipients to look for employment, or "test the job market," immediately after applying for assistance, and do only minimal initial screening to determine whether applicants should be exempt from work

[18]A recent study by the Manpower Demonstration Research Corporation (MDRC) reviews 20 welfare-to-work programs and assesses the effectiveness of these programs at increasing the employment and earnings of single-parent welfare recipients. The study found that employment-focused welfare programs resulted in higher earnings for the most disadvantaged recipients than education-focused programs, but that programs with a mix of activities tended to help the broadest range of people. (Charles Michalopoulos, Christine Schwartz, and Diana Adams-Ciardullo, *What Works Best for Whom: Impacts of 20 Welfare-to-Work Programs by Subgroup*, MDRC, Aug. 2000.)

requirements.[19] Only recipients who are unsuccessful in finding a job within a certain time period are reassessed and either exempted or referred to targeted services and programs to address work-impeding characteristics. Other states, including Connecticut and Maryland, reported that they screen and assess all new applicants. Based on this screening and assessment, some recipients are exempted from work requirements. Those who are not exempt but who have characteristics that impede employment can be referred for targeted services to prepare them for work. According to officials in the states we visited, this latter group represents a sizable share of their total TANF caseload. No one approach has been proven more effective than another for moving recipients who have characteristics that might impede employment into jobs.

Some States and Localities Use the Job Market to Identify Hard-to-Employ Recipients

Some of the states and localities we visited rely primarily on the job market to identify recipients who have characteristics that impede employment. Officials in these states pointed out that many such recipients nevertheless have successfully found and kept jobs through the usual Work First process. They stated that all recipients should have the opportunity to test the labor market before being referred for additional services. According to officials in these states, this approach has two distinct advantages: first, by allowing recipients to test the job market, the state does not prejudge or label recipients as hard-to-employ when they may, in fact, be able to obtain jobs; and second, this strategy sends a clear message that TANF is temporary and that employment is the immediate goal.

The states and localities we visited that use the job market to identify hard-to-employ recipients do some very limited up-front screening to identify recipients who clearly meet the exemption criteria, but send most new applicants directly to job search after they apply for TANF assistance. Case managers in Michigan, for example, ask a few questions during the application process to identify recipients who are clearly exempt from work requirements, such as those who are victims of domestic violence, but do not use a standardized questionnaire to screen new applicants. Recipients are not further assessed or referred to job preparation activities

[19]Reasons for such exemptions vary by state, but often include the need to care for an infant or disabled child or adult, lack of child care, short- or long-term disability or incapacity, homelessness, or domestic violence. Because exempt TANF recipients continue to be subject to the 60-month limit on federal benefits, exemptions are intended to be temporary. However, exemptions can be and often are extended, according to the states. As a result, exempted TANF recipients can receive benefits for extended periods without participating in activities that will prepare them for employment.

other than job search unless they fail to find a job within 30 days. Similarly, in Butte County, California, recipients must look for a job for 4 weeks before they can be referred to job preparation activities beyond those that are part of the usual Work First process in that county.

Some States Have Focused on Identifying and Assessing the Needs of Hard-to-Employ TANF Recipients

Some of the states and localities we visited have developed strategies designed to identify hard-to-employ recipients soon after they apply for benefits so that they can be referred to appropriate programs before they attempt to find jobs. Officials from states and localities that use this approach argue that by identifying these recipients early, agencies can more appropriately focus resources and time on activities and services that hard-to-employ recipients need in order to become employed. Strategies ranged from conducting an in-depth assessment of every new applicant to developing a series of increasingly detailed assessments for recipients who cannot find employment quickly. Some of these programs are described below:

- Each local TANF agency in Maryland has developed an assessment instrument to identify hard-to-employ recipients soon after they apply for benefits. In Frederick County, a team of three trained clinicians—including a case manager, a child support enforcement worker, and a social worker—conduct a thorough assessment of each recipient soon after she submits an application.
- The Washington TANF agency has developed a computerized questionnaire for screening all new applicants. Applicants are asked a series of general questions on more than a dozen topics ranging from child care and transportation to legal issues, domestic violence, and substance abuse. A response that indicates a possible problem in any area prompts the caseworker to ask a series of more detailed questions on that topic. Recipients found to be hard-to-employ are referred directly to programs and services that address their special needs or, if they are found to have what the state deems a major issue—such as family violence, some specific health problems, homelessness, substance abuse, or pregnancy—they are referred to an on-site social worker for a more in-depth assessment and referral to appropriate services.

The States We Visited Expanded Their Case Management for Hard-to-Employ TANF Recipients

All of the states we visited have changed the way they manage TANF cases in order to better help recipients obtain and keep jobs. Unlike typical case management prior to welfare reform, which consisted primarily of determining eligibility, case management under TANF is an ongoing and multifaceted process. Staff interact with recipients, determine needs, establish goals, address characteristics that impede employment, and monitor compliance with program requirements.

The states we visited took various approaches and emphases in structuring their case management process, not only in response to the changes in welfare policy and goals, but also to meet the needs of hard-to-employ TANF recipients. Some examples follow:

- Washington has implemented a statewide case management process called case staffing. Case staffing consists of holding periodic meetings that involve every member of the staff who has any interaction with a recipient, including representatives from contractors and other agencies that provide services to TANF recipients. Staff members consider each recipient's history, current activities, and employment plan, and whether past activities have yielded desired results. The group then makes recommendations as to how the case manager should proceed with the recipient, such as referrals to other programs or alternative job-preparation activities.
- In addition to its general case management services, Connecticut uses intensive case management as a primary strategy for moving hard-to-employ recipients into the workforce. The state also provides intensive case management to recipients who are at risk of having a sanction imposed for not complying with program rules, or who have reached their lifetime limit on the TANF program. Intensive case management services can include employee assistance programs for employers of TANF recipients.
- In Grand Rapids, Michigan, the local TANF agency has stationed two case managers at a large company that employs TANF recipients to help hard-to-employ recipients retain their jobs. These on-site case managers serve as a resource for both employees and the employer, helping employees cope with crises that might otherwise cause them to lose their jobs, and intervening on behalf of the employer at the first sign of trouble. The company's retention rate for current and former TANF recipients was 81 percent, as compared to only 33 percent for their non-TANF employees. Company officials directly attributed the higher retention rates to on-site case management and cooperation from the local TANF agency.

The states we visited have faced challenges in altering their case management to meet the needs of hard-to-employ recipients. Officials and advocates for welfare recipients in Maryland told us that case managers, who for years served primarily as eligibility specialists, have had difficulty changing their focus to employment preparation and planning. This is especially true for those who continue to have responsibility for determining eligibility for food stamps and other means-tested programs. The difficulties case managers have encountered in learning new responsibilities have been exacerbated in areas where caseload reductions have been accompanied by disproportionate reductions in staff. Recipient-to-case-manager ratios vary by state and locality. For example, in one locality in Florida, case managers had responsibility for as many as 400 cases, while case managers in one Maryland county had responsibility for an average of 15 cases. State officials reported that in areas where case managers have large caseloads, they do not have the time to provide hard-to-employ recipients with the extensive monitoring and referrals to additional programs and services they need.

Some States Have Developed Other Strategies Targeted to Hard-to-Employ Recipients

In addition to assessment and case management, several of the states and localities we visited have developed programs targeted specifically to prepare hard-to-employ recipients to enter the workforce. States that have developed targeted programs have emphasized short-term interventions with a strong employment focus that often involve several different activities to address specific problems a recipient may face. Some of these targeted programs are designed to provide hard-to-employ recipients with the skills they need to cope with crises and succeed at the workplace on a day-to-day basis. Other targeted programs offer recipients hands-on work experience in a structured, highly supervised, supportive environment.

Soft-Skills Training

Some of the most innovative programs developed by TANF agencies in the states we visited were designed to help hard-to-employ recipients learn to cope with the multiple characteristics that make employment difficult. State officials reported that in many cases, the difficulties hard-to-employ recipients have in finding and keeping jobs stem from their inability to deal with these characteristics on an ongoing basis, rather than simply having the characteristics themselves. Officials in every state we visited told us that a recipient with low educational attainment can often obtain an unskilled job, particularly in a strong economy, but if she lacks the skills required to deal with situations such as a chronic health problem, a child with behavior problems, or a breakdown in child care or transportation arrangements, she is likely to miss work and lose the job. Similarly, one

official stated that a recipient may have the skills and abilities needed to function in a particular job, but if she does not know how to dress appropriately, conduct herself in an interview, or fill out a job application properly, she will not be able to get that job. In the six states we visited we encountered several examples of programs designed to provide recipients with the life skills needed to be successful in the workforce, often referred to as soft-skills training:

- In Baltimore County, Maryland, a private firm called Workforce Solutions is under contract to run a 12-week program for TANF recipients designed to address specific characteristics that may impede employment—such as low basic reading and math skills—while also providing participants with ways to cope with personality issues such as antisocial behavior and inappropriate responses to authority.
- In Broward County, Florida, a soft-skills program for long-term TANF recipients uses role-playing, simulated work activities, team-building exercises, and other techniques to help recipients change their attitude and feelings about work. The program focuses on helping recipients develop positive attitudes, coping skills, critical thinking, workplace ethics, and confidence.
- In Butte County, California, the TANF agency has coordinated with a nonprofit organization that manages a boutique that provides makeovers and professional clothing for interviewing and working. Recipients are also provided with necessities such as hosiery, undergarments, and shoes at no cost.

Work Experience Programs

A few of the states and localities we visited relied heavily on work experience activities to prepare hard-to-employ recipients to join the workforce.[20] Intensive, highly supervised, hands-on work experience allows recipients to experience a workplace environment first hand. However, most localities we visited rarely, if ever, referred recipients to these types of programs, in part because they felt that such programs were unnecessary in a strong economy with ample job opportunities. While a few of the work experience programs in the states we visited were very specialized and targeted to certain subgroups of hard-to-employ recipients such as immigrants with limited English skills, most served a broader range of hard-to-employ recipients. TANF worksite activities differ in who is

[20]Also sometimes referred to as community service or work-site-based activities.

required to participate and in how much the activities mirror unsubsidized employment.[21] Some examples of work experience programs follow:

- Community Rehabilitation Industries offers a targeted work-experience program to refugees in Los Angeles, California. The program is designed to provide hands-on experience at a manufacturing business and a range of supplemental services, including English as a Second Language (ESL) classes, sobriety support, parenting skills instruction, and basic skills remediation. These programs are provided at the work-site and participants are paid to attend.
- Washington has a statewide internship and training program, called Community Jobs (CJ), that provides hard-to-employ recipients who have various work-impeding characteristics with 20 hours of paid work experience per week for up to 9 months. The program provides intensive case management to help participants cope with the demands of their work experience positions. The program also requires participants to enroll in a complementary work activity, such as basic education or substance abuse or mental health treatment, for an additional 20 hours per week. Program officials report that the number of CJ slots is insufficient to meet demand, primarily because the program does not have the funding to support more slots.

State TANF Agencies We Visited Rely on Non-TANF Agencies and Organizations to Meet Some Needs of Hard-to-Employ Recipients

All of the states we visited relied on non-TANF agencies and organizations to provide certain services, including those that address the characteristics that, according to state officials, impeded employment for recipients. Officials in every state we visited cited domestic violence, substance abuse, mental health problems, limited education, poor health, and having a disability as factors that affected a recipient's ability to get and keep a job. Most states relied primarily on non-TANF government agencies and other community organizations with expertise and experience in providing services to address these problems rather than developing new programs specifically for TANF recipients. States used TANF as well as a variety of other funding sources to pay for these services, including funding from other federal, state, and private programs. Some examples include the following:

[21]See *Welfare Reform: Work-Site-Based Activities Can Play an Important Role in TANF Programs* (GAO/HEHS-00-122, July 28, 2000).

- Domestic violence: The policy in every state we visited is to refer victims of domestic violence to emergency housing and other services, including counseling and legal assistance, although in some locations officials reported that the availability of such services was limited. In most cases, these services are provided by nonprofit organizations, public health agencies, and privately funded legal assistance programs.
- Low educational attainment/limited English proficiency: All of the states we visited had policies to refer recipients to adult basic education, ESL courses, and high school equivalency programs offered by local school districts, community adult education programs, colleges and universities, or nonprofit organizations.
- Poor health/disability: Most of the states we visited had policies to refer recipients with physical or mental impairments that might make them eligible for the Supplemental Security Income (SSI) program, for assistance in applying for SSI benefits.[22] In Maryland, the TANF agency contracts with an agency to provide services through their Disability Entitlement Advocacy Program to help disabled recipients of cash assistance apply for, qualify for and receive SSI. In addition, all states referred disabled recipients to vocational rehabilitation services.

Some State Decisions Have Made It More Challenging to Help Hard-to-Employ TANF Recipients Enter the Workforce

In the states we visited, decisions about collecting and analyzing data on caseload characteristics, setting time limits shorter than 60 months, and limiting work and work-preparation activities to those that count toward federal work participation requirements have increased the challenge of moving hard-to-employ TANF recipients into the workforce. Few states compile and analyze data on those characteristics that make recipients hard to employ, making it difficult for them to estimate the number of recipients likely to reach their 60-month limit on federal benefits, and to develop strategies to help them become employed before their federally funded benefits run out. In addition, as a group, hard-to-employ recipients may need more time to be integrated into the workforce; time limits shorter than 60 months may decrease the likelihood that they will acquire the skills they need for work before their assistance ends. Finally, some states tend to place recipients only in work and work-preparation activities that count when calculating federal work participation rates. This may prevent hard-

[22]SSI is a federal income assistance program administered by the Social Security Administration designed to provide aged, blind, and disabled people who have little or no income with cash to meet basic needs for food, clothing, and shelter.

to-employ recipients from participating in other activities that may better prepare them for employment.

Few of the States We Visited Collect the Data They Need for Planning and Monitoring Programs for Hard-to-Employ Recipients

Because states have not compiled statewide data on the characteristics of their TANF recipients and do not have the systems to analyze data that the localities collect, the states face challenges in developing programs tailored to the needs of their hard-to-employ recipients and assuring that all hard-to-employ recipients have access to such programs. Although ACF has annually sponsored conferences on evaluating welfare reform since 1998, at the time of our site visits, none of the six states we visited had sufficient data to allow them to identify the share of their caseload that is hard-to-employ. Of the nine states we asked for data on the number of adult TANF recipients with learning disabilities, substance abuse issues, exposure to domestic violence, other mental or psychological conditions, limited English proficiency, physical impairment, poor physical health, developmental disabilities, and criminal history—characteristics that impede employment—only two provided statewide data on some of these characteristics. Most states reported that these data were not available.

States could not provide these data, in part, because they are not required to collect them, and because identification of such characteristics is inherently difficult. In addition, widely accepted screening and assessment tools that can be used to determine the presence of those characteristics are lacking. State officials also indicated that they lack the computer systems necessary to aggregate and analyze such data for managing their caseloads as a whole.

PRWORA requires states to collect and report specific caseload information such as marital status, citizenship, and ages of family members to HHS on a quarterly basis, but states also have the flexibility to collect any additional data they deem necessary to manage their TANF programs. Only two of the states we visited—Connecticut and Washington—had begun to use this flexibility to systematically collect statewide data that would enable them to identify recipients with characteristics that make them hard-to-employ. As we noted earlier, Washington and Connecticut each developed a standardized screening instrument to identify applicants with characteristics—such as low literacy, limited English proficiency, and learning disabilities, as well as mental health, substance abuse, domestic violence, and physical health problems—that may interfere with employment. However, they have been collecting these data only since July

and August 2000, respectively. [23] Other states do some screening of applicants, but screening tools may vary by locality within the states, as in California, Florida, and Maryland; or may consist of just a few basic questions on the TANF application, as in Michigan. Even where states identified hard-to-employ recipients, they did not necessarily have this information in databases that allowed states and localities to use it to manage their caseloads.

Some of the reasons states gave for not identifying applicants with characteristics that could interfere with employment included the lack of widely accepted screening and assessment tools, difficulties in eliciting information from recipients, and a lack of skills among case managers in conducting screenings and assessments.[24] The few states and localities that had questionnaires available to screen all new applicants, including Washington, Connecticut, and counties in Maryland and California, had developed the screening tools themselves, in part because they were unable to identify existing screening tools. Even among those states and localities that used screening and assessment tools, however, case managers faced a myriad of obstacles in identifying recipients who have characteristics that impede employment. For example, state and local officials reported that recipients are sometimes reluctant to reveal certain characteristics, such as substance abuse or domestic violence, because they fear losing custody of their children or triggering reprisals from the abuser. Cultural issues and privacy concerns can also prevent recipients from sharing information with case managers. Also, some recipients may be unaware that they have specific problems or may be in denial regarding the problems. Furthermore, some case managers may hesitate to ask about recipients' physical limitations for fear of violating the Americans with Disabilities Act.[25] Case managers may also have concerns about privacy and confidentiality and about the impact of labeling recipients as hard-to-employ before they have had a chance to prove themselves as job-ready.

[23]Washington also screens for a number of other issues that may impede a recipient's ability to get and keep a job, ranging from homelessness to legal problems.

[24]Other efforts to identify people with these characteristics, for example in the NSAF and other smaller-scale studies, have faced similar difficulties. As a result, some believe these studies understate the true prevalence of these characteristics.

[25]Section 102 of the act bars ". . . inquiries of a job applicant as to whether such applicant is an individual with a disability or as to the nature or severity of such disability . . ." except for " . . . preemployment inquiries into the ability of an applicant to perform job-related functions."

Such difficulties are especially challenging for case managers not trained in screening and assessing TANF recipients. Few of the states we visited provided training to case managers in how to use screening tools or identify recipients who have characteristics that could impede employment.

HHS and other federal agencies have initiatives under way to either develop tools or evaluate available screening and assessment tools. ACF at HHS contracted with the Urban Institute to conduct a study of existing screening and assessment tools. The final report for this study is scheduled to be completed in 2001, but a preliminary report confirms that there are few existing screening tools for TANF programs to draw upon. HHS is also collaborating with the Departments of Labor and Education to develop a publication on screening tools to identify persons with disabilities. HHS also funded publication of guides, published in July 2000, on screening TANF recipients for mental illness and substance abuse.[26] However, HHS has done little so far to encourage state efforts to compile data that identify hard-to-employ recipients, or can be used to estimate the number of TANF recipients who will reach their 60-month limit before joining the workforce.

Officials in the states we visited reported that states and localities not only lack data but also lack computer systems sophisticated enough to process statewide data on caseload characteristics. These findings are consistent with our recent study on TANF information systems, which reported that 10 of 15 localities surveyed indicated that their automated systems provide about half or less of the information needed for case management.[27] Eight of 15 states and only 6 of 15 localities reported that their systems provided all or most of the data needed for service planning.

The lack of comprehensive caseload data and adequate computer systems has made it difficult for states to make plans for recipients likely to reach their time limits. Not all of the states we visited have conducted analyses to determine how many would likely reach their time limits, the

[26]See *Addressing Mental Health Problems Among TANF Recipients: A Guide for Program Administrators;* and *Addressing Substance Abuse Problems Among TANF Recipients: A Guide for Program Administrators.* Reports prepared by Mathematica Policy Research, Inc., for the U.S. Department of Health and Human Services, Administration for Children and Families (Washington, D.C.: July 2000).

[27]*Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort* (GAO/HEHS-00-48, Apr. 27, 2000).

characteristics of those most likely to reach their time limits, or the impact of various strategies to deal with those who have reached their time limits. HHS is doing little to encourage states to collect and analyze data on the characteristics of TANF recipients likely to reach their time limits. PRWORA provides states with several strategies to deal with recipients who reach their time limits. States are able to exempt recipients from the 60-month limit on federal assistance in cases that involve hardship or domestic violence. It is up to each state to define hardship, and states can extend this exemption to no more than 20 percent of their TANF caseload. All the states we visited plan to exercise this option, but none had decided what criteria (other than domestic violence) they would use to determine who would qualify for this exemption.

However, based on their analysis of statewide data, both Washington and Maryland have concluded that, at some point, this exemption will not allow them to extend benefits to all qualified recipients who reach their 60-month limit. This is because, as the caseload continues to fall, the number the state can provide with extended benefits (20 percent of the caseload) will also fall. Meanwhile, each month more recipients will reach their time limits. Analyses conducted in Washington and Maryland indicate that, at some point, even families facing severe hardship will have their federal benefits terminated because they cannot be served under the current 20-percent hardship exemption policy. Officials in all of the states we visited told us that they had not yet estimated the cost of other strategies, such as continuing benefits to all recipients who reach their time limits using state funds, or providing federal assistance to such families through subsidized employment programs.

Inadequate data management information systems have also made it difficult for states to develop mechanisms for holding local public and private service providers accountable for delivering needed services to hard-to-employ recipients. Advocates for welfare recipients in five of the states we visited noted that hard-to-employ recipients with similar characteristics could receive vastly different services depending on their case manager, local TANF office, or program provider. Advocates in Maryland and Florida reported that recipients in some localities have access to a wide range of programs and services tailored to meet their needs, whereas such specialized programs are not provided in other localities. For example, Baltimore County, Maryland, contracts with a number of service providers to deliver specialized work preparation programs, while recipients in the city of Baltimore have little access to such programs. In Maryland, as in other states, few mechanisms are in

place to ensure that recipients throughout the state are treated uniformly or to ensure that recipients receive the assistance they need to get jobs.

Time Limits Shorter Than 60 Months Could Make It More Difficult for Hard-to-Employ Recipients to Enter the Workforce Before Their Federal Benefits End

Officials in all six of the states we visited said that they expect at least some of their hard-to-employ recipients to reach their time limits before they are able to develop the skills to enter sustained employment, particularly those who have multiple characteristics that make employment difficult. States that have adopted time limits of shorter than 60 months have already seen some recipients reach their time limits without being prepared for long-term employment.[28]

Connecticut, the state with the shortest time limit of the six states we visited—21 months—has found that hard-to-employ recipients cannot address all of the characteristics that impede employment by the time their benefits are terminated.[29] The state has developed an alternative safety net program in order to provide services and support to recipients who are not employed when they reach the time limit. In addition, a large share of those who are still receiving TANF benefits at 21 months have their benefits extended. In April 2000, 39 percent of Connecticut's caseload had had their time limits extended.

At least one state, Florida, has adjusted its time limits to account for the challenges faced by hard-to-employ recipients. In that state, most recipients face a time limit of 24 months (out of any given 60-month period), but recipients who lack a high school diploma or have significant skill deficits have a time limit of 36 months (out of any 72-month period). Florida has a lifetime limit on benefits of 48 months, but will allow an additional 12 months of benefits in cases of hardship.

[28]States that impose a time limit shorter than 60 months are allowed to provide extensions of cash benefits using federal funds for up to 60 months.

[29]As mentioned earlier, Connecticut is operating under a waiver that allows it broad latitude in exempting recipients from work requirements and time limits.

Limiting Work Activities to Those That Count for Federal Participation Rate Purposes Makes It More Difficult to Prepare Hard-to-Employ TANF Recipients for Employment

Although the types of work activities that count when calculating states' work participation rates are specified in PRWORA, states have the flexibility to define allowable activities for the purpose of determining continued eligibility for TANF assistance.[30] Consequently, the activities that count for federal participation rate purposes and those that allow TANF recipients to maintain their eligibility for assistance need not be the same. While some states we visited allow TANF recipients to maintain their eligibility for assistance by participating in activities that do not count toward the participation rate, others allow only the work activities that count.

Michigan and Florida, for example, limit the work activities that enable TANF recipients to continue to receive assistance strictly to those that count toward meeting work participation rate requirements.[31] In these states, only TANF recipients who were exempted from participating in a work activity were referred to programs that are not considered work activities in calculating the federal participation rate.

In contrast, other states we visited allow hard-to-employ recipients to maintain their eligibility for benefits by participating in programs and services that do not count for federal work participation rate purposes, such as soft-skills training and substance abuse treatment. However, officials in these states expressed concern that they might have difficulty continuing to meet work participation rate targets if their caseloads consist more predominantly of hard-to-employ recipients and as caseload reduction slows. In California and Maryland, for example, some counties offered soft-skills training to help TANF recipients obtain the basic time management, budgeting, and social skills necessary to maintain steady employment, activities that do not count for federal participation rate purposes. Connecticut considers substance abuse treatment, domestic violence counseling, and some adult education programs as work activities.

[30]Work participation rates specified in PRWORA include subsidized and unsubsidized employment, work experience programs, on-the-job training, and community service. Under certain circumstances and within certain limits, job search, the provision of child care, and certain types of education and training may also be counted when calculating this rate.

[31]Michigan allows recipients to participate in a high school equivalency program for 10 hours per week if 20 additional hours are spent working, in a work experience program, or in an on-the-job-training program. According to Michigan officials, this policy is more restrictive than federal policy related to countable work activities. At the time of our site visit Florida was undergoing reorganization and state officials report that some education and substance abuse treatment are now allowed.

However, Connecticut officials stated that if the proportion of their caseload needing these services increases, they may have more difficulty meeting federally mandated participation rates since these activities are not counted when calculating the rates.

HHS has several mechanisms to educate states about the broad latitude granted them in PRWORA. However, HHS has provided little guidance to states on the broad discretion they have to allow hard-to-employ TANF recipients to engage in work-preparation activities that, although not counted for federal participation rate purposes, may be best suited to recipients' needs.

Conclusions

Welfare reform led to major changes in state welfare policy and programs. Only now have states had enough experience with their TANF programs to begin to understand how well these programs are meeting the needs of TANF recipients, particularly those with characteristics that suggest they might be hard to employ. States have found that, while some recipients with these characteristics are able to successfully enter the workforce, many need considerable time and support in order to become work-ready, including services and work-preparation activities that address their specific needs. As a result, some states have begun to implement, or are considering adopting, strategies specifically designed to help hard-to-employ recipients join the workforce.

To be successful in moving hard-to-employ TANF recipients into the workforce within their 60-month time limit for federal benefits, states must develop programs and provide work and work-preparation activities tailored to the needs of their hard-to-employ recipients and they must ensure that recipients with characteristics that impede employment have access to programs and activities that meet their needs.

Some states believe they would be better able to accomplish this if they (1) had caseload data on the number and characteristics of hard-to-employ TANF recipients, particularly those who will reach their 60-month limit before they are able to work; and (2) used a range of work and work-preparation activities that meet the needs of hard-to-employ recipients, including activities that extend beyond those that meet federal work participation requirements. None of the states we visited, however, have systematically compiled this type of statewide caseload data, and some states are reluctant to provide TANF recipients with many of the types of

work-preparation activities that do not count when calculating work participation rates.

In addition, estimates of the number and characteristics of TANF recipients likely to reach their 60-month time limit before they can become employed will allow states to determine which recipients could qualify for a hardship exemption, what services and supports will be needed by those who do not, and whether states will provide these services. However, not all of the states we visited have collected or analyzed data on the time it takes recipients to become job-ready in order to estimate the number of TANF recipients likely to exceed their 60-month time limit on benefits.

HHS is supporting initiatives that will help states identify hard-to-employ recipients, but so far it has done little to help states systematically analyze these data so that they can be used to estimate the number of TANF recipients who will reach their 60-month limit before becoming employed. In addition, although HHS has several efforts under way to help states use the flexibility allowed under PRWORA, these efforts have not sufficiently resolved the confusion some states have expressed about how to use this flexibility to best serve the needs of their hard-to-employ recipients. Our work revealed some instances in which officials were unclear about how much discretion they have under PRWORA to allow them to provide work-preparation activities that do not count toward federal participation rates, even if these services were needed by hard-to-employ recipients.

Recommendations

To help ensure that the states provide hard-to-employ TANF recipients with the services and support they need in order to become employed, and are able to manage TANF caseloads with substantial numbers of hard-to-employ recipients, we recommend that the Secretary of Health and Human Services and Assistant Secretary of ACF take the following actions:

- promote research and provide guidance that would encourage and enable states to estimate the number and characteristics of hard-to-employ TANF recipients, and identify recipients who will reach their 60-month limit on benefits before they are able to work, and
- expand the scope of guidance to states to help them use the flexibility PRWORA affords to provide appropriate work-preparation activities to hard-to-employ TANF recipients within the current TANF rules governing work participation rates and federally countable work activities.

Agency Comments

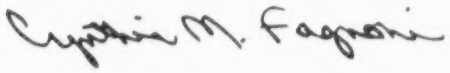
We provided a draft of this report to HHS for its review. A copy of HHS' response is in appendix III. We also incorporated technical comments we received from HHS, where appropriate.

HHS took issue with both of our recommendations. Concerning our first recommendation—that HHS promote research and provide guidance that would encourage and enable states to estimate the number and characteristics of hard-to-employ TANF recipients, and identify recipients who will reach their 60-month limit on benefits before they are able to work—HHS said that this approach overemphasizes the importance of identifying hard-to-employ recipients through measurable characteristics. They stated that "research suggests that while measurable characteristics are helpful in making such predictions [of employability], they are imperfect predictors, since many people with presumed barriers to employment nevertheless work." Yet, HHS appears to support the use of measurable characteristics through their ongoing activities to improve tools and methods to identify these characteristics. Moreover, researchers, state officials, and national experts report that these data are key to ensuring that appropriate services are provided to hard-to-employ recipients. We therefore continue to believe that HHS should promote research and provide guidance that would encourage and enable states to estimate the number and characteristics of hard-to-employ TANF recipients, and identify recipients who will reach their 60-month limit on benefits before they are able to work.

With regard to our second recommendation—that HHS expand the scope of guidance to states to help them use the flexibility PRWORA affords to provide appropriate work-preparation activities to hard-to-employ TANF recipients within the current TANF rules governing work participation rates and federally countable work activities—HHS stated that they are already providing such guidance to the states and listed a number of initiatives in addition to those mentioned in this report. We agree with HHS that several of their initiatives appear to have the potential to better inform states of their flexibility under PRWORA. Notwithstanding these efforts, however, during our site visits we discovered that some states and localities did not understand the full range of flexibility they have under the law, which indicates to us that this information is not being thoroughly disseminated to states. As a result, we continue to recommend that HHS expand the scope of their guidance to states to include helping them use their flexibility to provide appropriate work-preparation activities to hard-to-employ recipients within the current TANF rules.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies to the Honorable Tommy G. Thompson, Secretary of Health and Human Services; appropriate congressional committees; and other interested parties. We will also make copies available to others on request.

If you have any questions concerning this report, please contact me on (202) 512-7215. Other GAO contacts and staff acknowledgments are listed in appendix IV.



Cynthia M. Fagnoni
Managing Director, Education, Workforce,
and Income Security Issues

Objectives, Scope, and Methodology

We designed our study to provide information on (1) the participation of Temporary Assistance for Needy Families (TANF) recipients in work and work activities, the characteristics of TANF recipients, and how those characteristics have changed over time; (2) the strategies states are using to help hard-to-employ TANF recipients get and keep jobs; and (3) the challenges states face in planning and implementing programs for hard-to-employ recipients. In doing our work, we analyzed national-level survey and administrative data, collected supplemental data on caseload characteristics from nine states, and conducted site visits at the state and local levels in six of these states. We also reviewed the results of several existing studies conducted in individual states and localities and conducted interviews with numerous experts on welfare reform and with advocates of welfare recipients.

We provided a draft of this report to officials in the Department of Health and Human Services (HHS) and the six states we visited for their review. We conducted our work from November 1999 to January 2001 in accordance with generally accepted government auditing standards.

National-Level Data

To obtain information on the characteristics and composition of the adults in TANF families, we analyzed data from the 1996, 1998, and 2000 Current Population Survey Annual Demographic Surveys (March CPS Supplement). In consultation with Census officials and welfare reform experts, we determined that this was the only source of national data on TANF recipients currently available that included comparable information from the time of welfare reform to the present. Other potential data sources we pursued included the Panel Study of Income Dynamics (PSID), the Survey of Income and Program Participation (SIPP), the National Longitudinal Survey of Youth (NLSY), the National Survey of America's Families (NSAF), and the Survey of Program Dynamics (SPD).[1] Our statistical analyses of the CPS data included frequency tables, cross-tabulations, and chi-square tests of significance. All of the relationships we have reported using the CPS data analyzed were significant at the $p < .05$ level.

[1]Sponsors of these surveys are as follows: PSID is conducted at the Survey Research Center, Institute for Social Research, University of Michigan; SIPP and SPD are sponsored by the U.S. Census Bureau; NLSY is sponsored and directed by the Bureau of Labor Statistics, U.S. Department of Labor, with funding from a variety of other agencies; NSAF is directed by the Urban Institute.

We also obtained state administrative data on TANF recipients' participation in federally allowable work activities from ACF.

State-Level Data

To supplement the national data on recipient characteristics, we requested data on TANF caseload characteristics since 1995 from nine states—California, Connecticut, Florida, Maryland, Michigan, New York, Oregon, Washington, and Wisconsin—that were home to nearly half of the nation's TANF families in 2000. Because no state was able to provide all of the information we requested, we could conduct only limited analyses with these data.

Review of Existing Research

To obtain further information on the characteristics of TANF recipients and on state strategies for helping hard-to-employ recipients, we reviewed numerous studies that contained this information. To identify the relevant studies we searched several on-line bibliographic databases.[2] We requested information from individuals on Internet mailing lists administered by the Institute for Women's Policy Research and the Association for Public Policy Analysis and Management. We also consulted with experts on welfare issues, including officials at the Department of Health and Human Services and members of GAO's Welfare Reform Advisory Committee, to identify other studies we should consider.

Data from surveys of TANF recipients were incorporated into our report only if the survey had obtained data on at least 70 percent of the sample of families for which it sought such data, or if a nonresponse analysis of the data showed that there were no important differences between families represented in the data and those missing. Appendix II contains a list of these studies. Except for this assessment, we did not independently verify the data included in the studies.

State Site Visits

To obtain information about each assignment objective, we interviewed officials in state welfare departments in six of the nine states from which we collected data, as well as officials in at least two local sites in each of

[2]ABI/Inform, Business & Industry, Business A.R.T., Wilson Business Abstracts Fulltext, Accounting + Tax Database, Wilson Social Science Abstracts, Sociological Abstracts, Social SciSearch, NTIS, Dissertation Abstracts, ECONLIT, ERIC, Statistical Universe, and the Welfare Information Network.

these states. Our site visit states were California, Connecticut, Florida, Maryland, Michigan, and Washington. In selecting the six states for our in-depth fieldwork, we sought to include states that represented a variety of approaches to moving hard-to-employ recipients into the workforce and that varied in terms of region, population size, degree of caseload decline, and time of initial welfare reform, and in whether the TANF program was administered at the state or county level. The local sites were chosen by the state-level officials. The TANF families in our six site visit states made up 33 percent of the national TANF caseload in June 2000.

During our site visits, we spoke with state and local TANF program administrators, data officers, program analysts, case managers and supervisors, child support officers, Welfare-to-Work liaisons, and private contractors; and with representatives of partnering agencies such as public health departments, departments of labor, departments of vocational rehabilitation, community colleges, and others. The state and local interviews were administered using a semistructured interview guide that we developed through a review of relevant literature and discussions with recognized experts on welfare reform.

Some limitations exist in any methodology that gathers information about programs undergoing rapid change, such as welfare reform. Results presented in our report represent only the conditions present in the states and localities we visited at the time of our site visits, between March and July 2000. We cannot comment on any changes that may have occurred after our fieldwork. Furthermore, our fieldwork focused on in-depth analysis of a few selected states and localities. We cannot generalize our findings beyond the six states we visited and their localities.

Table 3: State and Local Site Visits

States	Local sites
California	Los Angeles County, San Diego County, Butte County
Connecticut	Eastern and Southeastern Region, New Britain Regional Office
Florida	Dade County, Monroe County, Hillsborough County
Maryland	Baltimore County, Frederick County
Michigan	Wayne County, Kent County
Washington	Bellevue, Lynnwood

Interviews With Welfare Experts and Advocates

In developing the scope and methodology we would use to address our assignment objectives, we consulted with welfare reform experts from HHS, the Department of Labor, the Bureau of the Census, the Urban Institute, Mathematica, the National Governors' Association, the American Public Human Services Association, and GAO's Welfare Reform Advisory Committee. Following our site visits, we conducted phone interviews with advocates for welfare recipients nationally and in each of the six states in an effort to ensure that our understanding of and reporting on the states' caseloads and strategies were accurate and objective.[3]

[3]In Washington state, the advocates we interviewed were Columbia Legal Services, Welfare Rights Organizing Coalition, Fremont Public Association, Children's Alliance, Washington Welfare Reform Coalition, and National Council of Jewish Women. In the other states, the advocates we interviewed were Center for Law and Social Policy (National); Alliance for Children and Families (National); Legal Aid Foundation of Los Angeles; Legal Assistance Resource Center of Connecticut; Florida Legal Services, Inc.; FIP Legal Clinic (Maryland); and Michigan League for Human Services.

Selected Studies Providing Data on the Characteristics of TANF Recipients

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Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

FEB 27 2001

Ms. Cynthia M. Fagnoni
Managing Director
Education, Workforce, and
Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Fagnoni:

Enclosed are the Department's comments on your draft report, "Welfare Reform: Moving Hard-to-Employ Recipients Into the Workforce." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department also provided extensive technical comments directly to your staff.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

Michael Mangano

Michael F. Mangano
Acting Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for General Accounting Office reports. The OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

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COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE GENERAL ACCOUNTING OFFICE'S DRAFT REPORT "WELFARE REFORM: MOVING HARD-TO-EMPLOY RECIPIENTS INTO THE WORKFORCE" (GAO-01-368)

The Department of Health and Human Services (Department) appreciates the opportunity to comment on this draft report, which addresses an important topic. Because of provisions in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), such as time limits and work requirements, it is important that States learn how to identify and serve hard-to-employ recipients. The PRWORA gives States broad flexibility in developing approaches to help recipients enter and sustain employment. The Department has actively supported States in using the flexibility afforded by the PRWORA to develop effective services for recipients at risk of reaching their time limit through guidance, technical assistance, facilitating communication among States, and research.

The PRWORA replaced the Aid to Families with Dependent Children entitlement program with the Temporary Assistance for Needy Families (TANF) block grant. Under TANF, most recipients are limited to 5 years of federally-funded cash assistance. It is important that recipients be able to support themselves and their children before they reach their time limit. Indeed, the PRWORA promotes independence by establishing requirements for adult recipients to work or participate in work-related activities (such as job search or community service) while they are receiving benefits. While many families become independent after receiving TANF benefits for a relatively short time, other families continue to receive benefits for years and run the risk of reaching the Federal 60-month time limit without being prepared for independence.

Since the passage of PRWORA in 1996, the welfare caseload has declined dramatically. The number of recipients on welfare nationwide fell from 12,241,000 recipients in August 1996 to 5,781,000 recipients in December 1999. This decline of over 50 percent reflects the statutory change in policy, a strong economy, and State efforts to help recipients become independent. As the welfare case load has declined, policymakers and program administrators have increasingly focused on recipients who are considered hard-to-employ and are at risk of reaching the Federal time limit. Many policymakers and program administrators believe that those who are more job-ready have left the rolls, leaving behind recipients who face barriers to employment. Although existing evidence does not show a trend toward a case load increasingly populated by recipients with identified barriers to employment, it is nevertheless essential to identify and serve recipients who may have difficulty entering employment and who are at risk of reaching the Federal time limit.

The Department's support for State efforts to develop effective services for hard-to-employ recipients includes guidance, technical assistance, facilitating communication among States, and research. For example, the Department has sponsored numerous conferences for State officials, and has undertaken activities in partnership with the National Governors' Association and the Departments of Labor, Housing and Urban Development, Transportation and Education focused on assisting recipients in overcoming barriers to entering and sustaining employment. The Department's Administration for Children and Families' (ACF) Peer Technical Assistance mechanism convenes State and local stake holders so they can teach others. The ACF also has a

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Peer Technical Assistance web site offering a variety of resources related to serving those who are hard-to-employ. The Department is conducting an evaluation of State and local community efforts to promote employment for the hard-to-employ recipients of TANF and noncustodial parents under the Department of Labor's (DOL) Welfare-to-Work grants program. The Department is also evaluating programs in several States to promote retention and advancement in employment for current, former, and potential TANF recipients. Three programs have an explicit focus on hard-to-employ persons. The Department has undertaken a project on screening and assessment (mentioned in GAO's report) that plans for three regional conferences for State officials. A forthcoming paper includes an appendix documenting many screening tools used by States. This project and others address questions such as which screening tools are most accurate, how to administer these tools, and how to ensure that TANF recipients effectively respond to the tools. These and other Department activities to assist and inform State efforts to help hard-to-employ persons enter the work force are described in more detail below.

General Comments

The Department does not believe that GAO's report is consistent regarding the value of measurable characteristics of recipients as predictors of barriers to entering and sustaining employment. The report does note that measurable characteristics are only imperfect predictors, and that many States have chosen to rely on observing difficulties in employment or the receipt of long-term welfare as means of identifying hard-to-employ persons. In addition, the report notes the practical difficulties in assessing certain characteristics, for example, when recipients are reluctant to disclose information about sensitive topics such as substance abuse or domestic violence, or when specialized training may be needed to assess characteristics such as learning disabilities. However, the report also emphasizes measurable characteristics. On balance, we believe this report's emphasis on the value of measurable characteristics is not supported by the research evidence presented. Most importantly, we believe the report's first recommendation does not take into account the problems in using measurable characteristics as predictors, and seems to suggest that better measurement of characteristics impeding employment is the best approach to serving hard-to-employ recipients.

GAO Recommendation

To help ensure that the states meet hard-to-employ TANF recipients' need for services and support in order to become employable, and are able to manage TANF caseloads with substantial numbers of hard-to-employ recipients, we recommend that the Secretary of Health and Human Services and Assistant Secretary of ACF:

- promote research and provide guidance that would encourage and enable states to estimate the number of hard-to-employ TANF recipients, their characteristics, and who will reach their 60-month limit on benefits before they are able to work, and

Department Comment

We believe this recommendation overemphasizes the importance of identifying hard-to-employ recipients through measurable characteristics, and estimating their numbers. As the report notes,

many States have chosen to focus on recipients who are approaching the Federal time limit, or who have demonstrated difficulties in entering or sustaining employment, rather than investing heavily in predicting in advance which recipients will have difficulty. Research suggests that while measurable characteristics are helpful in making such predictions, they are imperfect predictors, since many people with presumed barriers to employment nevertheless work. In addition, there are many practical difficulties in measuring barriers, such as recipients' reluctance to disclose highly personal information. The Department's ongoing activities seek both to improve tools and methods for assessing employment barriers and to assist States in developing other strategies for identifying hard-to-employ recipients and helping these recipients move into the work force.

GAO Recommendation

- expand the scope of their guidance to states to include helping them use the flexibility PRWORA affords to provide appropriate work-preparation activities to hard-to-employ TANF recipients within the current TANF rules governing work participation rates and federally countable work activities.

Department Comment

We believe the Department's ongoing activities already fulfill this recommendation. The Department has already issued relevant guidance and continues to provide extensive technical assistance to States in identifying and serving hard-to-employ recipients.

The report implies that the Department has done very little in the way of technical assistance or research to help inform States decisions on serving hard-to-employ recipients. However, the Department has engaged in a multifaceted technical assistance approach that has expanded each year. Because of devolution of decision-making to the States and extensive use of partnerships and contracting, we have provided technical assistance to a broad array of TANF stake holders. In addition, the Department has initiated and continues a broad program of research that will inform questions, such as the changing composition of the welfare case load, how best to identify hard-to-employ recipients, and how best to serve them. Examples of technical assistance and research initiatives include:

- A series of three roundtables co-sponsored with the National Governors' Association. The roundtables were designed to bring together State decision-makers to disseminate information on strategies to create an integrated service delivery system between TANF and the DOL's Workforce Investment Act (WIA) programs for clients with barriers to employment (substance abuse and mental health, low job skills, English as a second language, etc.).

- Publications and meetings to disseminate information on best practices in TANF/WIA collaboration and coordination, including:

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- "Fixing to Change: A Best Practices Assessment of One-Stop Job Centers Working with Welfare Recipients." A research report funded by the Department's Office of the Assistant Secretary for Planning and Evaluation (ASPE).

- Integrated Services Roundtable sponsored by ACF's Peer Technical Assistance Network in Atlanta, Georgia in March 2000 for eight states on how to bring together separate program funding streams to create community-based service delivery to improve the self sufficiency of low-income families.

- Collaboration between ACF and the Substance Abuse and Mental Health Services Administration (SAMHSA) for over 2 years on welfare reform issues. We have jointly funded and developed seven conferences, issued joint guidance and co-sponsored publications. We are collaborating on 10 targeted technical assistance meetings (one per region). Each of ten ACF regional offices will choose among a menu of topics related to substance abuse based on the specific needs and requests of States in their region. Topics include substance abuse screening and assessment issues, outreach and marketing to support TANF families with substance abuse issues, coordination of services for clients with domestic violence and substance abuse problems, dual diagnosis and co-occurring disorder issues for TANF recipients, coordination of services for families involved in both welfare and child welfare systems, the role of substance abuse treatment in preparing clients for work, tribal TANF and substance abuse, and building interagency collaboration to serve TANF recipients with alcohol and other drug problems. The ACF and SAMHSA have also undertaken a joint initiative on substance abuse and tribal TANF.

- A TANF funding guide titled "Helping Families Achieve Self-Sufficiency" which provides easy-to-read guidance on the use of TANF funds. The Department has distributed over 11,000 copies of the guidance, and it is available on our web site at http://www.acf.dhhs.gov/programs/ofa/funds2.htm.

- Monthly conference calls sponsored by ACF (called Family Independence Forums) on a variety of topics related to TANF and welfare reform. The audience for these calls generally includes 25 to 30 States and all 10 of ACF's regional offices. Each call focuses on one topic that may include information about other related Federal programs, promising practices, research, etc. The question and answer and comment period that is part of every call allows States (often local office staff participate as well) to continue sharing information and provides ACF with information on TANF implementation and issues.

- National conferences sponsored by ACF at least annually to disseminate research and share best practices. In 1998 and 1999, we held five Promising Practices conferences across the Nation that had a heavy emphasis on serving those recipients with barriers to employment. In 2000, our national conference was titled Welfare Reform: Employment Strategies for Overcoming Substance Abuse/Mental Health Barriers. We are currently in the early stages of planning the conference for 2001.

- Broad dissemination of the Department's Office of Civil Rights guidance on TANF and Disability, as well as guidance on limited English proficiency.

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- Numerous joint activities between ACF and the Departments of Labor, Housing and Urban Development, Transportation and Education focused on assisting those recipients with barriers to entering and sustaining employment.

- The ACF's rapid response technical assistance mechanism, which provides resources to our Federal staff to provide outreach to stake holders concerning national or regional welfare reform issues. Many of the rapid response activities have focused on employment barriers.

- The ACF's peer technical assistance mechanism, which convenes State and local stake holders so that they can teach others. There is also a peer technical assistance web site offering a variety of resources related to serving those who are hard-to-employ. It is located at http://www.calib.com/peerta.

- The ACF's participation in numerous conferences and meetings sponsored by Federal agencies and others, discussing flexibility under TANF and encouraging States to address employment barriers.

- An ASPE evaluation of the effectiveness of selected initiatives funded through the DOL's Welfare-to-Work grants program, which focuses on hard-to-employ people. The Department is conducting this evaluation in conjunction with the DOL and the Department of Housing and Urban Development.

- An evaluation of programs to promote retention and advancement in employment for current, former and potential TANF recipients. Three programs have an explicit focus on hard-to-employ people.

- A forthcoming compendium of descriptions of programs providing enhanced transitional employment services for TANF recipients.

- The ASPE is providing staff assistance in the development of two national surveys: the Survey of Income and Program Participation and the Survey of Program Dynamics, mentioned in Appendix I of GAO's report. These surveys will provide us with more data about recipients' characteristics and the dynamics of welfare use, and provide better information about how many people might reach their time limits.

- A screening and assessment project (mentioned in the GAO report) jointly funded by ACF and ASPE. As part of this effort, three regional conferences are planned for State officials. A forthcoming paper includes an appendix documenting many screening tools used by States. This project and others address questions such as which screening tools are most accurate, how to administer them, and how to ensure that TANF recipients answer them effectively. The American Public Human Services Association (APHSA) has also conducted a project on State TANF agency client assessment policies and practices. Findings are available on APHSA's Research Notes web page site at: http://www.aspha.org/opd/research/research.htm.

- Activities undertaken with funding specifically appropriated by Congress for the Department to study outcomes of welfare reform. Through grants with States and localities, the ASPE is encouraging States to develop data infrastructures that in some cases include examining characteristics of persons currently on a case load. Wisconsin, Washington State, Missouri, and Alameda County, California, have done or are doing work comparing their TANF case loads with people that have left TANF. Completed studies are cited in the bibliography of GAO's report. The ASPE continues to support research in this area.

- The University of Michigan Women's Employment study examining such questions as the extent and prevalence of multiple barriers to work, and how barriers to employment and welfare-to-work program participation are related. This study is helping to identify key factors that enable welfare recipients to remain employed and enable social service providers to better assess client needs and design service components. The National Institute of Mental Health and ASPE are among those who have funded this study.

- An ASPE-supported project bringing together State officials and academic researchers to explore how surveys could be used to measure the characteristics of recipients with the goal of providing States with improved measurement tools.

- A Joint Center for Poverty Research (JCPR) conference this fall, supported by ASPE, will focus on hard-to-employ persons and welfare reform (the JCPR is supported by Department funds).

- An ASPE study of how selected local TANF programs are organizing and delivering mental health services to their clients in order to identify promising practices, challenges and opportunities that will help others to better serve persons with mental health problems and help them find and retain employment.

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GAO Contacts and Staff Acknowledgments

GAO Contacts

Sigurd Nilsen, (202) 512-7003
Clarita Mrena, (415) 904-2245
Kathryn Larin, (202) 512-5045

Staff Acknowledgments

In addition to those named above, Sonya Harmeyer, Heather McCallum, and Catherine Pardee made significant contributions to this report. Jeff Appel, Jon Barker, Paula Bonin, Richard Burkard, Patrick DiBattista, Gale Harris, Art Kendall, Lise Levie, Ann McDermott, and Jim Wright also provided key technical assistance.

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